

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

SUPPLEMENTAL RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS NEEDHAM TO INTERROGATORY OF DAVID B. POPKIN
(DBP/USPS-T39-66(A))

The United States Postal Service hereby provides the supplemental response of witness Needham to the following interrogatory of David B. Popkin: DBP/USPS-T39-66(a), filed on September 10, 1997. This supplemental response presents additional information on the Postal Service's stamped envelope fee proposal, in response to page 9 of Mr. Popkin's motion to compel, filed on October 7, 1997.

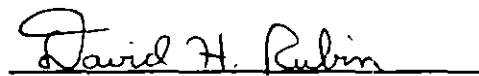
The interrogatory is stated verbatim and is followed by the supplemental response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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October 15, 1997

SUPPLEMENTAL RESPONSE OF WITNESS NEEDHAM TO
INTERROGATORY 66(a) OF DAVID B. POPKIN
(REDIRECTED FROM THE UNITED STATES POSTAL SERVICE)

DBP/USPS-66 Refer to interrogatory DBP/USPS-54 which relates to stamped envelopes. [a] If you arrive at a price for any of the following types of envelopes in response to the following subparts of DBP/USPS-54, explain how that price was arrived at utilizing the data which is provided in the specific Fee Schedule for stamped envelopes: subparts d, e, k, and w.

RESPONSE:

- a) My initial response to the interrogatory demonstrates how my proposed stamped envelope fees are consistent with the pricing criteria. The four types of envelopes in interrogatory DBP/USPS-54, parts d, e, k, and w, are not clearly defined, but I assume the references are to (1) sales of plain hologram stamped envelopes (DBP/USPS-54(d)), (2) printed hologram stamped envelopes (DBP/USPS-54(e)), (3) printed "multi-color" envelopes (DBP/USPS-54(k)), and (4) bulk plain savings bond envelopes (DBP/USPS-54(w)). The proposed fees for item (1), plain hologram stamped envelopes, is \$15.50 for 500, \$4.00 greater than the proposed \$11.50 fee for non-hologram envelopes, and \$.08 for a single sale, \$.01 greater than the proposed \$.07 fee for a non-hologram single sale. See USPS-T-39, page 96, lines 4-13 for the development of the fee for the plain hologram box lot of 500 and the fee for the single sale hologram stamped envelope. The proposed fee for item (2) is \$19.00 for a box of 500 and \$3.50 for a household pack. The proposed fee for item (3) is \$15.00, since these envelopes are being aggregated for pricing purposes with all other printed

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a) Continued

10-inch stamped envelopes. See Tr. 3/724-30. Item (4) is no longer available, as I state in the responses to interrogatory DBP/USPS-54, parts (e) and (w).

The Postal Service acknowledges that the stamped envelope proposal might be confusing, because it includes a variety of changes to the current classifications and fees. The Postal Service proposes to aggregate most types of stamped envelopes (including envelopes with multi-color printing), while introducing higher fees for banded and hologram envelopes. The printing charge is proposed to be included directly in the proposed fees for printed bulk stamped envelopes, rather than stated separately, as in the current fee schedule. To minimize confusion concerning the proposed stamped envelope fees, attached is a simplified restatement of proposed Fee Schedule 961, for stamped envelopes. In particular, the attached schedule specifically lists the proposed fee for bulk sales of plain hologram stamped envelopes as \$15.50. This proposed fee is also shown in a corrected page 92 of my testimony, USPS-T-39, which is also

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a) Continued

attached. I would note that the \$15.50 fee is specifically included in my
workpaper WP-15. Moreover, library reference H-107, pages 45-50 specifically
lists all the different types of envelopes (by item number), and shows in which
category each type is included.

PROPOSED FEE SCHEDULE 961
STAMPED ENVELOPES

<i>Description</i>	<i>Proposed Fee</i> (in addition to postage)
Single Sale - Basic	\$ 0.07
Single Sale - Hologram	\$ 0.08
Household (50) 6-3/4 size Basic	\$ 3.00
Household (50) > 6-3/4 through 10 size Basic	\$ 3.25
Hologram	\$ 3.50
Bulk (500) 6-3/4 size Plain Basic	\$ 8.50
Printed Basic	\$ 14.00
Plain Banded	\$ 9.50
Bulk (500) > 6-3/4 through 10 size Plain Basic	\$ 11.50
Printed Basic	\$ 15.00
Plain Banded	\$ 12.00
Plain Hologram	\$ 15.50
Printed Hologram	\$ 19.00

Note: "Basic" includes all types of envelopes other than those specifically listed.

ATTACHMENT 2 TO SUPPLEMENTAL
RESPONSE TO DBP/USPS-66 (a)

92

Table 16 - Stamped Envelopes*

<u>Current Description</u>	<u>Proposed Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Printed 6 ¾ size: Regular/Precancelled Regular Window/Precancelled Window	Printed 6 ¾ size: (Regular, Window, Precancelled Regular, Precancelled Window)	\$12.60	\$14.00	11%/4%
Printed 10 size: Regular/Precancelled Regular Window/Precancelled Window	Printed 10 size: (Regular, Window, Precancelled Regular, Precancelled Window)	13.40 16.40	\$15.00	(9%)/(14%)/0%
Plain 6 ¾ Banded Plain 10 Banded Regular Window	Plain 6 ¾ Banded Plain 10 Banded Regular Window	8.20 13.00 \$ 3.00 3.10	9.50 12.00 \$ 3.00	16% (8%) 0%/(3%)
Printed 6 ¾ Household: Regular Window	Printed 6 ¾ Household: Regular Window			
Printed 10 Household: Regular Window	Printed 10 Household: Regular Window	3.20 3.30	3.25	2%/(2%)
Printed 10 Household: Hologram	Printed 10 Household: Hologram	3.20	3.50	9%
Printed 10 Hologram	Printed 10 Hologram	16.40	19.00	16%
Plain 6 ¾ & 10 sizes Single Sale	Plain 6 ¾ & 10 sizes Single Sale	.06	.07	17%
Plain 10 size Single Sale Hologram	Plain 10 size Single Sale Hologram	.06	.08	33%
Plain 6 ¾ size: Regular/Regular Precancelled Window/Precancelled Window	Plain 6 ¾ size: Regular, Window, Precancelled Regular, Precancelled Window	8.20 9.00	8.50	4%/(6%)
Plain 10 size: Regular/Precancelled Regular Window/Precancelled Window Double Window	Plain 10 size: Regular, Window, Precancelled Regular, Precancelled Window, Double Window	12.00 13.00 15.00	11.50	(4%)/(12%)/(23%)
Hologram	Hologram	12.00	15.50	

*All stamped envelopes in box lots of 500 except household envelopes in 50 packs unless otherwise noted.

DECLARATION

I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: October 15, 1997

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

David H. Rubin
David H. Rubin

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